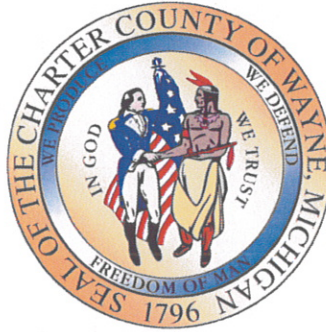




Wayne County

Employees' Retirement System

Robert J. Grden, Executive Director

Summary Annual Report
For the Plan Year Ending September 30, 2019

RETIREMENT COMMISSION
EMPLOYEE MEMBERS

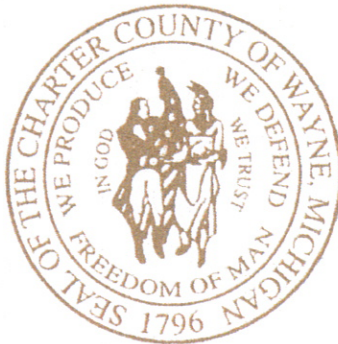
Henry Wilson, Chair
Cassandra McDonald
Frank Simone
Tom Yee

RETIREE MEMBERS

Hugh S. Macdonald
Elizabeth Misuraca

EX-OFFICIO MEMBERS

Warren C. Evans
Wayne County Executive
Richard Kaufman
Designated Representative
Alisha Bell, Chairperson
Wayne County Commission



ROBERT J. GRDEN
Executive Director

GERARD J. GRYSKO
Deputy Director

GABRIEL ROEDER SMITH & CO.
Actuary

ANDREW VOSBURGH, M.D.
Medical Director

August 31, 2020

The Honorable Wayne County Executive, Honorable Wayne County Commission, Wayne County Airport Authority Chief Executive Officer, Honorable Third Circuit Court Chief Judge, Members, Participants, Beneficiaries, and Retirement Commission.

Ladies and Gentlemen:

On behalf of the Retirement Commission, I am pleased to present the Wayne County Employees' Retirement System Summary Annual Report for the fiscal year ending September 30, 2019. Although this report covers only the 2019 fiscal year, it is important to view the growth and progress of the Retirement System in historical context. To help understand how far the system has come over the last decade, I have completed a ten-year historical review of the Retirement System with the period ending September 30, 2019, that may be viewed on www.wccers.org reporting tab.

While serving as the Executive Director of the Retirement System I have had the privilege of working with the Retirement Commission to oversee its management and operation. During that time, we have worked diligently and, despite significant obstacles, found new and innovative ways to improve the fiscal health of the Retirement System while increasing transparency and reducing costs.

As the most populous county in the State of Michigan and the 19th most populous county in the United States, nearly two million people call Wayne County home. To help its employees get ready for Day One of their retirement (and all the days that will follow), Wayne County and the Wayne County Airport Authority (WCAA) offer a Defined Benefit Plan, Defined Contribution Plan, 457 Deferred Compensation Plan, and a 457 FICA Alternative Plan, which are administered by the Retirement Commission.

While carefully monitoring the progress of the Defined Benefit Plan, the Retirement Commission and I began a year-long project in 2019 to perform a comprehensive review of the Defined Contribution/Deferred Compensation Plans and look for new opportunities to improve the financial well-being of the employees and retirees who participate in those plans. One of the most important risk factors members face when planning for retirement is longevity risk. Recent studies have shown that many current retirees are not adequately prepared

for retirement. They simply do not have enough money in their retirement savings account to afford them the same standard of living in retirement as they had while working. Many outlive their retirement savings and are forced to return to the work force. After learning more about and understanding the problems facing our Members, I went to work with the Retirement Commission to find ways to help our Participants save more money for retirement and be able to retire with confidence.

After completing extensive due diligence and working with the financial experts at Titan Wealth Advisors (TWA), the Retirement Commission acted to significantly reduce the fees Members were paying while continuing to offer robust and diverse investment options. Specifically, the Retirement Commission resolved to consolidate recordkeepers for the Defined Contribution and Deferred Compensation plans. We previously utilized five recordkeepers: Prudential, Voya, MassMutual, AXA Equitable, and GC Financial. Participants were paying fees to each vendor for each retirement plan in which they participated. We found huge savings could be recognized just by consolidating recordkeepers.

With the help of TWA, I worked with the Retirement Commission to prepare and issue a Request for Proposal (RFP) to hire one recordkeeper to service all of the Defined Contribution/Deferred Compensation accounts. The Retirement Commissioners, Retirement System staff, and TWA met with several vendors who responded to the RFP to conduct due diligence. We interviewed the prospective service teams and staff who would be assigned to work on Retirement System accounts to ensure they had the essential technology, experience, and expertise to accommodate the needs of our Participants and offer the exceptional service they deserve.

Although each vendor offered excellent services and unique capabilities, Prudential set themselves apart from the competition. Prudential offered more high-quality investment options along industry leading technology and support structures. Prudential also agreed to provide a dedicated retirement counselor located in Wayne County to conduct 1-on-1 meetings, educate Participants on their investment allocations, and assist with any other retirement plan opportunities within the plans. We also added a Roth individual retirement account option in which Participants can make contributions that grow tax-free and which offers tax-free withdrawals in retirement. Participants will also now have the option of investing using an Income Flex fund with an annuity feature that was added to help grow and protect retirement savings, while still participating in the market, prior to retiring. The primary focus of these additions was to add value and compliment the robust options members already had within the plans.

Importantly, we were able to add all of these additional services and investment options *and* still find a way to significantly reduce costs and fees. I was also able to work with TWA to negotiate a significantly reduced fee structure that reduced the average yearly fees for Participants by between 30% and 60%. Overall, we were able to negotiate a savings of roughly \$2 million per year for the Plans in total – which is money back into the accounts of the Participants.

In late August 2019, the \$650+ million recordkeeping consolidation project was successfully completed. Participants were able to log in and view each of their retirement savings accounts online and in one location. Previously, they would have had to contact each vendor to view their accounts. Participants gained access to a host of financial wellness tools designed to drive productivity and growth such as a Retirement Income Calculator, webinars, and tutorials. To ensure Participants were knowledgeable and comfortable with the consolidation, we teamed up with TWA and Prudential to hold over 60 informational sessions throughout Wayne County, at the Third Circuit Court, and WCAA work locations. Informational sessions were also held with various labor organizations and with retiree groups. We were able to interface with close to 1,000 Participants at the informational sessions and help guide them through the changes. I genuinely appreciate the Retirement System staff and our financial and legal experts for the hard work and dedication it took to execute and complete this task.

While working on the consolidation project we were also able, in spite of challenging and at times turbulent investment markets, to grow the assets in the Defined Benefit Plan and beat our actuarial assumed rate of return. The Defined Benefit Plan's total assets were valued at just under \$1 billion (\$997.9 million) as of September 30, 2019. The actuarial recognized rate of return on investments was 7.6% for the year which exceeded than the 7.25% assumed rate of return. It is important to note that while paying more than \$132 million of pension benefits to retirees and beneficiaries, the Defined Benefit Plan's funding level increased from 62% in 2018 to 64% in 2019 for Wayne County and from 72% in 2018 to 77% in 2019 for the WCAA. Although it is never easy to increase the total assets of the plan while paying out nearly \$11 million every month in pension benefits, we are dedicated to making sure that we continue to make prudent decisions and diligently work to keep increasing the funding level of the Defined Benefit Plan.

This report is being submitted by the Retirement Commission in accordance with the Wayne County Code of Ordinances and Michigan Public Act 314 of 1965, as amended, setting forth the various activities of the Retirement System as on September 30, 2019.

For ease of reading, where applicable the WCAA data has been combined within this report unless otherwise noted. The Third Circuit Court data is always included with Wayne County in this report. The WCAA Valuation includes only the post-2002 retiree liability. Both the County and the WCAA valuations now include a schedule detailing the shared responsibility for the pre-2002 retiree liability. This report contains information on both the Defined Benefit and the Defined Contribution Plans.

Trust is the foundation of any meaningful partnership, and Wayne County, Third Circuit Court and the WCAA depend on the hardworking men and women who carry out essential functions. We will continue to work diligently to ensure that each and every Member and Participant of the Retirement System can retire in dignity with economic security.

Sincerely,

Robert Grden

Robert J. Grden
Executive Director

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FIDUCIARIES OF THE RETIREMENT COMMISSION

Elected Employee Members

Henry Wilson, Chair

Term Expires December 31, 2019

Cassandra MacDonald
Certified March, 2019

Term Expires December 31, 2020

Tom Yee

Term Expires December 31, 2021

Frank Simone

Term Expires December 31, 2022

Elected Retiree Members

Elizabeth Misuraca

Term Expires December 31, 2020

Hugh S. Macdonald

Term Expires December 31, 2022

Ex-Officio Members

Richard Kaufman

Wayne County Executive Designee

Alisha Bell
Replaced Gary Woronchak, January 2019

Chairperson, Wayne County Commission

RETIREMENT STAFF (NON-FIDUCIARIES)

Executive Director.....Robert J. Grden
Deputy Director.....Gerard J. Grysko
Department Executive.....Todd J. Pickett
Division Director.....Tina Turner
Compliance Officer.....Annie Hussein, Esq.

RETIREMENT SYSTEM SERVICE PROVIDERS

Actuary.....Gabriel, Roeder, Smith & Company

Attorneys.....

Allen Brothers, P.L.L.C.	Plunkett Cooney, P.C.
Kilpatrick and Associates, P.C.	Robbins Geller Rudman and Dowd, L.L.P.
Kirby McInerney L.L.P.	VanOverbeke, Michaud & Timmony, P.C.
Labaton Sucharow L.L.P.	Wayne County Corporation Counsel
Levi & Korsinsky, L.L.P.	Zwerling, Schachter & Zwerling, L.L.P.
Miller Law P.C.	

Auditor.....George Johnson & Company

Investment Consultants.....AndCo Consulting
Titan Wealth Advisors of Sigma Planning Corporation

Custodian of Assets.....Northern Trust

Defined Contribution Record keeper..... Prudential Financial

Financial Institutions.....Bank of America
JP Morgan Chase
Northern Trust

Medical Director.....Dr. Andrew Vosburgh, M.D.

Investment Managers

ABS Investment Management, L.L.C.	Mt. Lucas Management Corp.
AEW Capital Management, L.P.	Northern Trust Investments
Capital Dynamics, Inc	Northpointe Capital, L.L.C.
Crescent Capital Group, L.P.	Providence/Benefit Street Partners, L.L.C.
Deroy & Devereaux	Raven Capital Management, L.L.C.L.L.C.
Dune Real Estate Manager, L.L.C.	Reinhart Partners
Earnest Partners, L.L.C	Rizvi Traverse Management, L.L.C.
Entrust Capital	Seizert Capital Partners, L.L.C.
Fisher Investments Institutional Group	Seminole Advisory Services, L.L.C.
HGK Asset Management Inc.	SIT Investment Associates, Inc.
Landmark Realty Advisors, L.L.C.	Stepstone Group, L.P.
Lazard Asset Management, L.L.C.	Steward Capital Management
Lee Munder Capital Group	TerraCap Management, L.L.C.
Lightstone REIT	Tortoise Capital Advisors, L.L.C.
Loomis, Sayles & Company	UBS Financial Services, Inc.
Mesirow Financial Services, Inc.	Valstone Partners, L.L.C.
Morgan Stanley Real Estate Advisor, Inc.	

FINANCIAL SECTION & REQUIRED SUPPLEMENTARY INFORMATION

FINANCIAL SECTION - PREFACE

The independent auditing firm of George Johnson & Company has audited the financial statements of the following plans:

- Wayne County Employees' Retirement System Defined Benefit Plan
- Wayne County Employees' Retirement System Defined Contribution Plan

An electronic version of the complete financial statements can be found at www.wcers.org on the reporting tab.

The financial section of this annual report will include Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for each of the retirement plans noted above. Additionally, this section will highlight financial activity for the fiscal year ended September 30, 2019 for each set of financial statements. The financial information was obtained from the audited financial statements dated January 29, 2020, but these summaries were not audited by the independent auditors. Required supplementary information follows the financial statements as necessary.

The Wayne County, Third Circuit Court, and Wayne County Airport Authority data are all combined unless otherwise noted. The Third Circuit Court data is always included with Wayne County in this report.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN

Statements of Fiduciary Net Position

The Wayne County Employees' Defined Benefit Plan's (DB Plan) total net position decreased by \$12.5 million, or 1.2% over the course of the plan year. The DB Plan total assets as of September 30, 2019 were \$997.9 million and mostly comprised of cash and investments. The decrease of total net position was primarily attributable to pension payments exceeding contributions and earnings. The overall rate of return on investments gross of fees was a gain of 3.46% and 6.71% for the years ended September 30, 2019 and 2018, respectively. Assets are held in trust and restricted to meet future benefit payments.

Statements of Changes in Fiduciary Net Position

- The DB Plan's benefits are funded by contributions from Wayne County (County), Wayne County Airport Authority (WCAA) and the DB Plan's members/participants, as well as by the investment income earned on the DB Plan's assets.
- Total additions to net position, excluding appreciation in the fair value of investments, decreased by \$69.6 million from \$182.3 million for the year ended September 30, 2018 to \$112.7 million for the year ended September 30, 2019. The current year decrease was primarily due to the reduction in employer contributions compared to the prior year.
- Total contributions for 2019 decreased by \$73.1 million from those of the prior year. Employer contributions were made at the actual rate of 58.81% (\$78 million) and 115.05% (\$151.9 million) of covered payroll during the years ended September 30, 2019 and 2018, respectively. Member contributions totaled \$11.1 million and \$10.3 for the years ended September 30, 2019 and 2018, respectively. Member contributions increased as payroll contributions and annuities increased during the current year. The County also made contributions totaling \$1.8 million and \$1.8 million to fund a stipend benefit paid to pre-Medicare retirees for the years ended September 30, 2019 and 2018, respectively. The County's contribution rate decreased from 52.99% in 2018 to 52.26% in 2019. The County contributed an additional \$5.2 million and \$83.0 million above the required contribution for the years ended September 30, 2019 and 2018, respectively. The WCAA's actuarially determined contribution rate increased from 24.63% for 2018 to 25.61% for 2019. The WCAA made an additional \$2.0 million in employer contributions to the Plan to apply to its unfunded liability for the year ended September 30, 2019, while no additional contributions were made for the year ended September 30, 2018. WCAA contributed an additional \$6.6 million to the Plan for each of the years ended September 30, 2019 and 2018 to apply to the combined pre-2002 retiree unfunded liability.
- Other investment income (including securities lending income) totaled \$0.4 million and \$0.5 million for the years ended September 30, 2019 and 2018, respectively. Investment expense totaled \$2.9 million and \$3.1 million for the years ended September 30, 2019 and 2018, respectively.
- The change in the fair value of investments was favorable for the current year. The fair value of investments had a net appreciation of \$12.6 million and \$44.0 million for the years ending September 30, 2019 and 2018, respectively. The net appreciation is attributable to the improving financial markets and the resultant investment performance at the end of the year.
- The deductions of the DB Plan include the payment of pension benefits to members and beneficiaries and the costs of administering the DB Plan. Total deductions of \$137.8 million for the year ended September 30, 2019 were consistent with the prior year's deductions of \$139.0 million.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Investments, at fair value or net asset value:		
Equity investments	\$544,378,416	\$501,470,725
Fixed income investments	151,035,915	115,206,556
Money market funds	29,322,427	81,728,174
Other investments	<u>270,373,092</u>	<u>293,621,893</u>
Total Investments	<u>995,109,850</u>	<u>992,027,348</u>
Other assets:		
Equity in Wayne County pooled cash	1,202,948	18,598,952
Due from other Wayne County funds	-	20,833
Accounts receivable	37,630	-
Due from broker for securities sold	713,449	644,641
Accrued interest and dividends	789,184	371,232
Prepaid expenses	<u>21,762</u>	<u>18,998</u>
Total Other Assets	<u>2,764,973</u>	<u>19,654,656</u>
Total Assets	<u>997,874,823</u>	<u>1,011,682,004</u>
Liabilities:		
Accounts and contracts payable	684,633	699,274
Due to broker for securities purchased	951,783	2,297,915
Accrued wages and benefits	<u>146,843</u>	<u>113,669</u>
Total Liabilities	<u>1,783,259</u>	<u>3,110,858</u>
Net Position Restricted for Pensions	<u>\$996,091,564</u>	<u>\$1,008,571,146</u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Additions		
Contributions:		
Employer	\$79,800,443	\$153,719,388
Members	11,122,528	10,286,435
Total Contributions	90,922,971	164,005,823
Investment income:		
Net appreciation in fair value of investments	12,641,634	43,983,255
Interest	18,173,440	13,805,555
Dividends	6,127,836	7,109,697
Securities lending income	30,993	199,502
Other investment income	377,319	340,979
Total Investment income	37,351,222	65,438,988
Less: Investment expenses	(2,920,188)	(3,144,555)
Net Investment income	34,431,034	62,294,433
Total Additions	<u>125,354,005</u>	<u>226,300,256</u>
Deductions		
Participant benefit payments and distributions	135,314,829	136,432,380
Administrative expenses	2,518,758	2,525,172
Total Deductions	<u>137,833,587</u>	<u>138,957,552</u>
Change in Net Position Restricted for Pensions	<u>(12,479,582)</u>	<u>87,342,704</u>
Net Position Restricted for Pensions		
Beginning of Year	1,008,571,146	921,228,442
End of Year	<u>\$996,091,564</u>	<u>\$1,008,571,146</u>



**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER
For the Year Ended September 30, 2019**

	<u>Charter County of Wayne, Michigan</u>	<u>Wayne County Airport Authority</u>	<u>Total</u>
Additions:			
Contributions:			
Employer (see Notes B and C)	\$63,858,310	\$15,942,133	\$79,800,443
Members	10,721,262	401,266	11,122,528
Total Contributions	74,579,572	16,343,399	90,922,971
Net investment income	29,948,496	4,482,538	34,431,034
Total Additions	104,528,068	20,825,937	125,354,005
Deductions:			
Participant benefit payments and distributions	126,148,183	9,166,646	135,314,829
Administrative expenses	2,190,843	327,915	2,518,758
Total Deductions	128,339,026	9,494,561	137,833,587
Changes in Net Position Before Transfers	(23,810,958)	11,331,376	(12,479,582)
Transfer of Contribution for Pre-2002 Retirees (see Note C)	6,600,000	(6,600,000)	-
Changes in Net Position Restricted for Pensions	(17,210,958)	4,731,376	(12,479,582)
Net Position Restricted for Pensions			
Beginning of year	880,444,466	128,126,680	1,008,571,146
End of year	\$863,233,508	\$132,858,056	\$996,091,564

Note A: The accompanying schedule of changes in fiduciary net position by employer (the "Schedule") is prepared on the accrual basis of accounting using the economic resources measurement focus. Member contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Wayne County Retirement Ordinance. Administrative expenses are financed through investment earnings.

Note B: Employer contributions from the Charter County of Wayne, Michigan (the "County") and the Wayne County Airport Authority ("WCAA") on the Schedule include an additional \$5.2 million in employer contributions made by the County and an additional \$2.0 million in employer contributions made by WCAA to apply to their respective unfunded liability for the year ended September 30, 2019.

Note C: Employer contributions from WCAA on the Schedule include an additional \$6.6 million in employer contributions to the Plan to apply to the unfunded liability of the combined pre-2002 retirees for the year ended September 30, 2019. WCAA has agreed to pay \$4.4 million each year for a total of five years as the theoretical portion of the combined pre-2002 retiree liability related to WCAA retirees as calculated by the Plan's actuary. The combined pre-2002 retiree liability is recorded by the County and is included in the County's contribution rates.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
GASB STATEMENT 67 REQUIRED SUPPLEMENTARY INFORMATION
Last Six Years (ultimately building to ten years)

	2014	2015	2016	2017	2018	2019
Change in Total Pension Liability						
Service cost	\$16,358,829	\$15,000,163	\$10,431,838	\$10,891,944	\$10,524,448	\$10,746,337
Interest	122,810,391	122,200,908	111,275,067	110,167,298	112,568,204	111,556,453
Changes of benefit terms	9,798,361	-	(141,296,225)	-	-	1,805,747
Differences between expected and actual experience	-	(21,264,821)	(532,795)	50,758,944	(4,104,803)	(9,788,235)
Changes of assumptions and other changes	-	(136,008,966)	(139,863,597)	101,352,130	2,131,112	2,736,461
Benefit payments, including refunds of member contributions	(133,394,978)			(139,888,098)	(136,432,380)	(135,314,829)
Net Change in Total Pension Liability	15,572,603	(20,072,716)	(159,985,712)	133,282,218	(15,313,419)	(18,258,066)
Total Pension Liability, Beginning	1,644,843,098	1,660,415,701	1,640,342,985	1,480,357,273	1,613,639,491	1,598,326,072
Total Pension Liability, Ending (a)	1,660,415,701	1,640,342,985	1,480,357,273	1,613,639,491	1,598,326,072	1,580,068,006
Change in Plan Fiduciary Net Position						
Contributions - employer	80,180,620	111,718,544	103,337,465	71,052,048	153,719,388	79,800,443
Contributions - member	8,521,719	11,370,680	10,734,600	9,199,085	10,286,435	11,122,528
Net investment income	80,199,536	25,164,638	79,649,792	102,026,371	62,294,433	34,431,034
Benefit payments, including refunds of member contributions	(133,394,978)	(136,008,966)	(139,863,597)	(139,888,098)	(136,432,380)	(135,314,829)
Administrative expense	(2,811,484)	(3,014,195)	(2,321,879)	(2,676,532)	(2,525,172)	(2,518,758)
Net Change in Plan Fiduciary Net Position Before Asset Transfer	2,695,413	9,230,701	51,536,381	39,712,874	87,342,704	(12,479,582)
Transfer of Bailiffs' Plan Assets	-	-	5,670,643	-	-	-
Net Change in Plan Fiduciary Net Position	32,695,413	9,230,701	57,207,024	39,712,874	87,342,704	(12,479,582)
Plan Fiduciary Net Position, Beginning	782,382,430	815,077,843	824,308,544	881,515,568	921,228,442	1,008,571,146
Plan Fiduciary Net Position, Ending (b)	815,077,843	824,308,544	881,515,568	921,228,442	1,008,571,146	996,091,564
Employers' Net Pension Liability, Ending (a)-(b)	\$845,337,858	\$816,034,441	\$598,841,705	\$692,411,049	\$589,754,926	\$583,976,442
Plan fiduciary net position as a percentage of the total pension liability	49.09%	50.25%	59.55%	57.09%	63.10%	63.04%
Covered-employee payroll	\$151,536,413	\$147,363,016	\$140,222,696	\$129,283,884	\$132,030,801	\$132,578,605
Employers' net pension liability as a percentage of covered payroll	557.84%	553.76%	427.06%	535.57%	446.68%	440.48%

*GASB 67 was effective for the financial statements for fiscal years beginning after June 15, 2013

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
GASB STATEMENT 67 REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Investment Returns
Last Seven Fiscal Years (ultimately building to ten years)**

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return Net of Investment Expense*
2013	14.09%
2014	8.33%
2015	0.70%
2016	9.82%
2017	11.95%
2018	6.12%
2019	2.98%

*As calculated by our Custodian, Northern Trust. (Internal Rate of Return)

**Schedule of Employer Contributions
Last Six Fiscal Years (ultimately building to ten years)**

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
9/30/2014	\$ 68,772,171	\$ 80,180,620	\$ (11,408,449)	\$151,536,413	52.91%
9/30/2015	\$ 65,289,481	\$ 79,505,999	\$ (14,216,518)	\$147,363,016	53.95%
9/30/2016	\$ 70,708,723	\$101,264,065	\$ (30,555,342)	\$140,222,696	72.22%
9/30/2017	\$ 53,549,811	\$ 68,176,195	\$ (14,626,384)	\$129,283,884	52.73%
9/30/2018	\$ 62,347,690	\$151,905,122	\$ (89,557,432)	\$132,030,801	115.05%
9/30/2019	\$ 64,211,390	\$ 77,975,445	\$ (13,764,055)	\$132,578,605	58.81%

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
FUNDING NOTES COMBINED PLANS**

The Retirement System funding rate increased from 62% in 2018 to 64% in 2019 for Wayne County and from 72% in 2018 to 77% in 2019 for the Wayne County Airport Authority. The following factors that have impacted the DB Plans are:

- The Retirement Systems Actuary completed an Experience Study for the DB Plans encompassing the time period from October 1, 2010 to September 30, 2015. The Study is a review of past experience of economic assumptions and demographics. The Study can be found on www.wcers.org reporting tab. Based on the results of the experience Study, the Actuary recommended changes to several assumptions, including;
 - Withdrawal Rate
 - Inflation
 - Expected Normal (unreduced) Retirements
 - Expected Early (reduced) Retirements
 - Expected Pay Increases
 - Mortality Rates for Active and Retired Members and Participants
 - Assumed Investment Return
- The adoption of Mortality table RP-2014 with MP-2016 projection scale, which was recommended by the Actuary, caused an increase to plan liabilities resulting in a decrease of funded rate. The Assumed Rate of Return was also decreased from 7.75% to 7.25%, which increased the plan liabilities.
- The Retirement System's Actuary calculated Recognized Rate of Return was 7.6% and above the 7.25% Assumed Rate of Return.
- Fixed income investment returns were better than expect for 2019.
- Equity market investment returns were mixed for 2019.
- Detail investment activity for 2019 can be found starting on page 24.
- The increasing rate of longevity of members in our DB Plan continues to impact the current and future funding levels.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
FUNDING NOTES BY EMPLOYER**

Wayne County / Third Circuit

- The County Administration, using its authority under the Consent Agreement entered into by and between Wayne County and Michigan State Treasurer N.A. Khouri on August 21, 2015 negotiated and imposed new contractual terms and conditions of employment on represented employees effective October 1, 2015. The contract terms reduced the multiplier from as high as 2.65% to 1.25% for all future years post October 1, 2015.
- For all years of County service earned post October 1, 2015, the Average Final Compensation (AFC) shall be computed using the last 10 years of base wage pay history, instead of utilizing the highest years of service with overtime, sick, and vacation accruals included.
- The County eligibility for 25 years of service or 30 years of service without an age requirement was changed to a minimum age requirement of age 62, although an early pickup at age 55 is available at an actuarial reduced rate.
- The County police unions can retire at age 55 with the service eligibility without a reduced actuarially rate.
- A change in the County maximum duty disability pension benefit from a flat rate of 75% of the best 4 years of average final compensation to an accelerated rate at 1.25% of AFC to age 60 with a maximum benefit of 60 % with a pre October 1, 2015 benefit and a post October 1, 2015 benefit. Non-duty disabilities were also capped at 60% of AFC.
- Wayne County Third Circuit Court employees in JAA and GAA unions were frozen as of October 1, 2016.
- Wayne County included an additional \$5.2 million in employer contributions to the DB Plan for 2019.
- Wayne County included an additional \$83.0 million in employer contributions to the DB Plan for 2018.
- Wayne County included an additional \$10.0 million in employer contributions to the DB Plan for 2017.
- Wayne County included an additional \$22.2 million in employer contributions to the DB Plan for 2016.

Wayne County Airport Authority

- The Wayne County Airport Authority had its 5th separate Annual Actuarial Valuation done as of September 30, 2019; prior to the September 30, 2015 report all reports were a combined County/Airport report.
- The Wayne County Airport Authority made an additional \$6.6 million in employer contributions to the Plan to apply to the unfunded liability of the combined pre-2002 retirees for the year ended September 30, 2019 and an additional \$6.6 million for the year ended September 30, 2018. The WCAA has agreed to pay \$4.4 million each year for a total of five years as the theoretical portion of the combined pre-2002 retiree liability related to WCAA retirees as calculated by the Plan's actuary. After the five year period, the resulting UAAL, if any, would either be paid in a lump sum or amortized in a manner to be determined at that time. The combined pre-2002 retiree liability is recorded by the County and included in the County's contribution rates.
- WCAA included an additional \$2.0 million in employer contributions to the DB Plan for 2019.
- WCAA included an additional \$0.0 million in employer contributions to the DB Plan for 2018.
- WCAA included an additional \$0.3 million in employer contributions to the DB Plan for 2017.
- WCAA included an additional \$4.0 million in employer contributions to the DB Plan for 2016.

A historical DB Plan review with further details can be found at www.wcers.org on the reporting tab.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
SUMMARY OF ACTUARIAL ASSUMPTIONS
September 30, 2019

The information presented in the accompanying required supplementary schedules was determined as part of the actuarial valuations as of the dates indicated additional information as of the latest actuarial valuation is as follows:

Valuation date.....	September 30, 2019
Actuarial cost method.....	Entry Age Normal
Amortization method	
County	Level percent of payroll
WCAA	Level dollar
Base UAAL remaining amortization period.....	15 years (closed)
Asset valuation method.....	4-year smoothed market, 20% corridor
Actuarial assumptions:	
Investment rate of return	
County and WCAA.....	7.25%*
Projected salary increases	
County.....	3.00%–12.15%*
WCAA.....	3.00%–13.15%*
Cost-of-living adjustments.....	N/A
Actuarial assumed rate of long term wage inflation.....	3.00%

*Includes wage inflation at 3.00%

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
CONTRIBUTION RATES**

	Valuation Measurement Date 9/30/2017		Valuation Measurement Date 9/30/2018		Valuation Measurement Date 9/30/2019	
	Rate Used During FYE 9/30/19		Rate Used During FYE 9/30/20		Rate Used During FYE 9/30/21	
	County	WCAA	County	WCAA	County	WCAA
Normal Cost	9.05%	8.03%	9.56%	8.07%	9.41%	8.83%
Less Portion Paid by Members *	-6.98%	-1.10%	-7.24%	-1.05%	-7.25%	-2.01%
Employer Defined Benefit Normal Cost	2.07%	6.93%	2.32%	7.02%	2.16%	6.82%
Unfunded Actuarial Accrued Liability	50.19%	18.68%	45.34%	19.77%	43.59%	17.59%
Total Computed Employer Rate	52.26%	25.61%	47.66%	26.79%	45.75%	24.41%

Contribution Type	Contribution Rates			Valuation Projected Payroll		
	County	WCAA	Combined	County	WCAA	Combined
Employer's Normal Cost	2.16%	6.82%	3.03%	\$113,016,789	\$25,762,010	\$138,778,799
Employer's Total Rate	45.75%	24.41%	41.79%	\$113,016,789	\$25,762,010	\$138,778,799
Weighted Average of Member Contributions *	7.25%	2.01%	6.28%	\$113,016,789	\$25,762,010	\$138,778,799

WCAA - Wayne County Airport Authority

* Weighted average of the various contribution rates.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
ADMINISTRATIVE EXPENSES
For the Years Ended September 30, 2019 and 2018

	2019	2018
Personnel Services:		
Staff Salaries	\$ 844,309	\$ 891,648
Other Fringe Benefits	252,138	243,802
Retirement Benefits	246,574	358,575
Total	1,343,021	1,494,025
Building and Equipment:		
Building Rent	215,767	214,728
Equipment, Equipment Rent and Maintenance	12,704	13,746
Utilities	5,330	5,245
Total	233,801	233,719
Professional Service		
Actuary Fees	152,447	157,532
Audit Fees	26,316	24,633
Consultant Fees	285,397	170,681
Fiduciary Insurance	126,560	117,700
Medical Director	8,225	9,500
Miscellaneous Fees	-	4,825
Total	598,945	484,871
Miscellaneous		
Office Supplies	15,267	15,542
Postage, Dues, Membership, and Other	31,059	29,496
Printing	9,397	9,166
Training, Travel and Board Meeting - Trustees	39,181	38,127
Training, Travel and Board Meeting - Staff	25,986	20,606
Wayne County Chargebacks	317,021	315,238
Operating Expenses Allocated to other Plans	(94,920)	(115,618)
Total	342,991	312,557
Total Administrative Expenses	<u>\$ 2,518,758</u>	<u>\$ 2,525,172</u>

The Retirement System is not aware of paying for any fees with the use of soft dollars.

WAYNE COUNTY EMPLOYEES' RETIRMENT SYSTEM
DEFINED BENEFIT PLAN
INVESTMENT EXPENSES
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Professional Service		
Attorney Fees	\$ 213,694	\$ 307,540
Consultant Fees	250,000	250,000
Custodian Fees	133,503	136,087
Management Fees	<u>2,322,991</u>	<u>2,450,928</u>
Total	<u>\$ 2,920,188</u>	<u>\$ 3,144,555</u>

The Retirement System is not aware of paying for any fees with the use of soft dollars.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
BUDGETS**

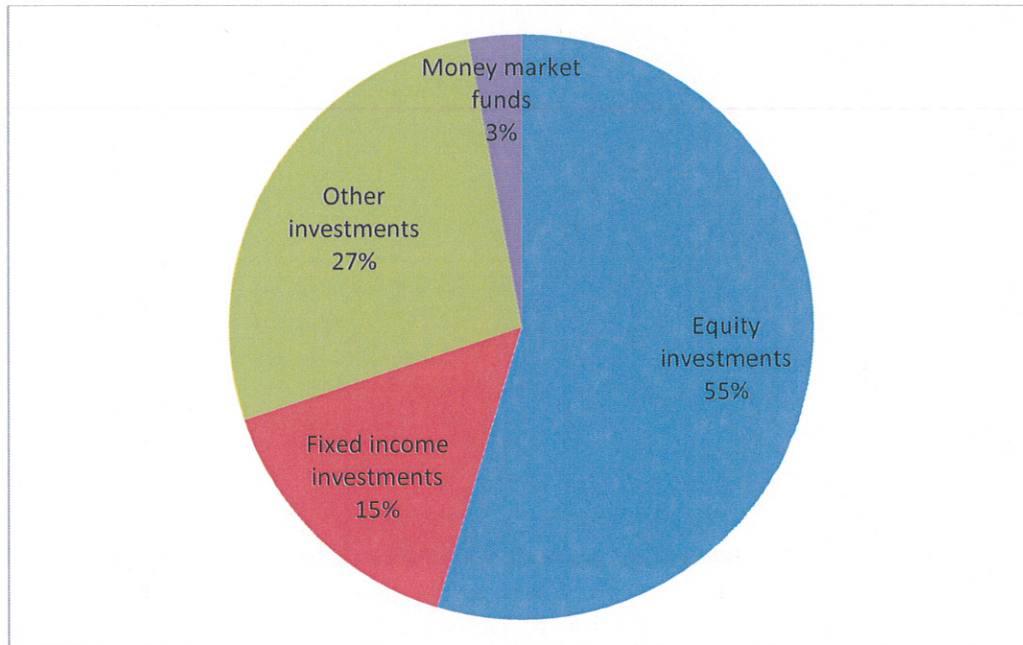
	FY 2019 Budget	FY 2019 Actual	Variance Favorable (Unfavorable)	FY 2020 Budget
Revenue				
Interest & Dividends	\$7,626,900	\$24,301,276	\$16,674,376	\$7,626,900
Total Budgeted Revenue	\$7,626,900	\$24,301,276	\$16,674,376	\$7,626,900
Expense				
Personnel Services:				
Staff Salaries	\$1,605,369	\$1,023,221	\$582,148	\$1,584,512
Other Fringe Benefits	467,752	313,451	154,301	484,976
Retirement Benefits	442,279	308,263	134,016	454,831
Reimbursed Expenses *	-	(301,914)	301,914	-
Total	2,515,400	1,343,021	1,172,379	2,524,319
Building and Equipment:				
Building Rent	250,000	215,767	34,233	240,000
Equipment, Equipment Rent and Maintenance	66,000	12,704	53,296	66,000
Utilities	8,000	5,330	2,670	8,000
Total	324,000	233,801	90,199	314,000
Professional Service				
Investment & Miscellaneous Expenses	3,907,968	3,434,059	473,909	3,959,660
Actuary	175,000	152,447	22,553	175,000
Medical Director	15,000	8,225	6,775	15,000
Reimbursed Expenses *	-	(75,598)	75,598	-
Total	4,097,968	3,519,133	578,835	4,149,660
Miscellaneous				
Office Supplies	30,000	15,267	14,733	30,000
Postage, Dues, Membership, and Other	77,420	31,059	46,361	77,200
Printing	30,000	9,397	20,603	30,000
Training, Education & Travel - Trustees	64,000	39,181	24,819	70,500
Training, Education & Travel - Other	32,000	25,986	6,014	29,500
Wayne County Chargebacks	456,112	317,021	139,091	401,721
Reimbursed Expenses *	-	(94,920)	94,920	-
Total	689,532	342,991	346,541	638,921
Total Budgeted Expenses	\$7,626,900	\$5,438,946	\$2,187,954	\$7,626,900
Change in Budgeted Net Assets	\$ -	\$18,862,330	\$18,862,330	\$ -

*Administrative expenses reimbursed by the Defined Contribution Plan.

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
MARKET VALUE BY INVESTMENT TYPE
As of September 30, 2019**

<u>Investment Type</u>	<u>Market Value at 9/30/2019</u>
Equity investments	\$ 544,378,416
Fixed income investments	151,035,915
Other investments	270,373,092
Money market funds	<u>29,322,427</u>
Total Investments	<u>\$ 995,109,850</u>

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
ASSET ALLOCATION BY INVESTMENT TYPE
As of September 30, 2019**



**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
INVESTMENT PERFORMANCE
RATE OF RETURN-NET OF FEES**

	Rolling Calendar - Year Basis	Fiscal Year Basis
1 Year	15.74%	3.04%
3 Year	7.71%	6.96%
5 Year	6.69%	6.22%
7 Year	7.94%	7.58%
10 Year	7.23%	7.11%

*As calculated by our Custodian, Northern Trust

The Retirement System is required by the State of Michigan under Michigan Public Act 314 to show market rate rolling calendar year returns. Because we are based on a fiscal year end of September 30 we have included those numbers for continuity as of September 30, 2019.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM

DEFINED BENEFIT PLAN

REPORT ON INVESTMENT ACTIVITY

INTRODUCTION

The Retirement Commission (Board) for the Wayne County Employees' Retirement System (WCERS) is a fiduciary of the WCERS in accordance with the law. Investment decisions, including investment policies and procedures, are subject to statutory regulations imposed by the Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended.

As the fiduciary of the WCERS, the Board's responsibilities include, but are not limited to: (1) establishing an investment policy and asset allocation for the pension fund; (2) prudently selecting investment managers and consultants, and (3) conducting periodic reviews to ensure that its policies are followed and that its investment professionals perform satisfactorily in accordance with established standards and goals.

INVESTMENT OBJECTIVES

The WCERS' primary investment objective is to provide a real rate of return, net of inflation, sufficient to support the system's ability to meet its obligations to DB Plan participants and beneficiaries without undue exposure to risk. In absolute terms, this return objective should approximate the WCERS' actuarial assumed rate of return, which is 7.25%. The WCERS seeks to attain investment results over a full market cycle. It does not expect that all investment objectives will be attained in each year and recognizes that over various periods of time the WCERS' investment results may produce "over" or "under" performance relative to broad markets. For this reason, the Retirement Commission takes a LONG-TERM perspective and will measure quantitative investment returns over a 5-year moving period. Investment managers are also expected to meet qualitative performance objectives (adherence to its investment philosophy and the WCERS' policies, continuity of firm personnel and practices, etc.) as established by the Retirement Commission.

The fiscal year ended September 30, 2019 was a year of mixed gains across markets. Domestic market returns were mixed, while returns in international equity markets were in negative territory. Fixed income markets returned better than expected returns. Investors faced headwinds from continued escalation in the ongoing trade dispute with China, slowing economic data, particularly with regards to manufacturing, and political uncertainty following a late quarter impeachment inquiry against President Donald Trump. However, markets were supported by easing monetary policy from the Federal Reserve (Fed) which cut interest rates three times during the period. In general, lower risk assets performed better through the period as investors weighed the increased risk of a recession.

Domestic equity market indices were mixed for the fiscal year ended September 30, 2019. Domestic large cap stock market returns represented by the S&P 500 Index were positive, returning +4.3% over the trailing year. Within domestic small cap stocks, the Russell 2000 Small Cap Index fell -8.9%. In contrast to domestic equity, international equity indices were negative for the fiscal year. In U.S. Dollar (USD) terms, the MSCI EAFE Index fell -1.3% over the last year. The Emerging market index posted a return of -2.0% for the 1- year period.

With a total of three interest rate increases in the Fed Funds rate by the Federal Reserve throughout the year (December 2018, July 2019, September 2019) fixed income returns were better than expected in the declining interest rate environment. The broad Bloomberg Barclays Aggregate Bond Index rose a staggering +10.30%. Below investment grade bonds returned 6.4% for the fiscal year.

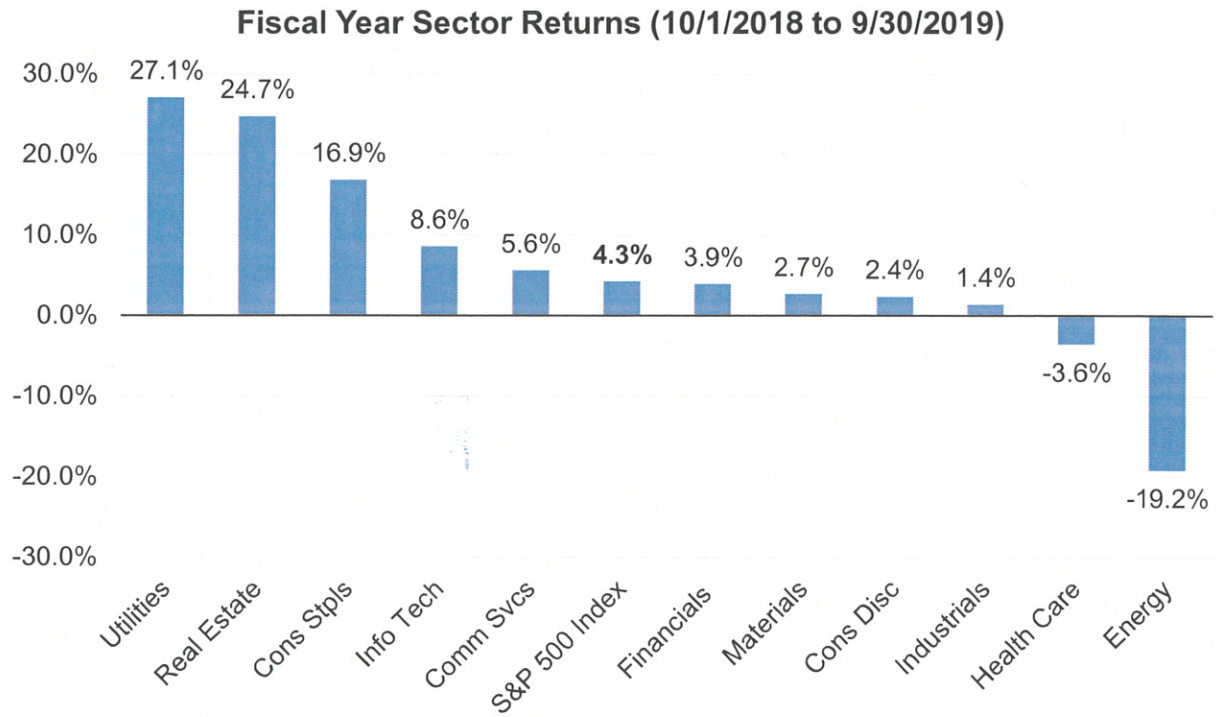
On the alternative investment front, Private Real Estate, as measured by the NCREIF Property Index, gained +6.24% as declining interest rates drove real estate prices higher. Private equity also returned in a positive year, returning +7.74%. Hedge Funds, given their conservative nature and focus on global markets, returned +0.40% for the year.

WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM

MARKET PERFORMANCE

	Index Returns (%)					
<u>Equities</u>	<u>Month</u>	<u>3 M</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Yr Ann</u>	<u>5 Yr Ann</u>
S&P 500 Total Return	1.87	1.70	20.55	4.25	13.39	10.84
Russell Midcap Index	1.97	0.48	21.93	3.19	10.69	9.10
Russell 2000 Index	2.08	-2.40	14.18	-8.89	8.23	8.19
Russell 1000 Growth Index	0.01	1.49	23.30	3.71	16.89	13.39
Russell 1000 Value Index	3.57	1.36	17.81	4.00	9.43	7.79
Russell 3000 Index	1.76	1.16	20.09	2.92	12.83	10.44
MSCI EAFE NR	2.87	-1.07	12.80	-1.34	6.48	3.27
MSCI EM NR	1.91	-4.25	5.90	-2.02	5.97	2.33
	Index Returns (%)					
<u>Real Estate</u>	<u>3 M</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
NCREIF Index	1.41	6.24	6.76	8.57	9.29	9.77
	Index Returns (%)					
<u>Fixed Income</u>	<u>Month</u>	<u>3 M</u>	<u>YTD</u>	<u>1 Year</u>	<u>Mod. Adj. Duration</u>	<u>Yield to Worst</u>
U.S. Aggregate	-0.53	2.27	8.52	10.30	5.78	2.26
U.S. Corporate Investment Grade	-0.65	3.05	13.2	13.00	7.83	2.91
U.S. Corporate High Yield	0.36	1.33	11.41	6.36	3.07	5.65
Global Aggregate	-1.02	0.71	6.32	7.60	7.18	1.30
	Levels (%)					
<u>Key Rates</u>	<u>9/30/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	
3 Month	1.81	2.35	1.38	0.5	0.16	
US 2 Year	1.62	2.49	1.88	1.19	1.05	
US 10 Year	1.66	2.68	2.41	2.44	2.27	
US 30 Year	2.11	3.01	2.74	3.07	3.02	
ICE LIBOR USD 3M	2.09	2.81	1.69	1	0.61	
Euribor 3 Month ACT/360	-0.42	-0.31	-0.33	-0.32	-0.13	
Bankrate 30Y Mortgage Rates Na	3.72	4.51	3.85	4.06	3.9	
Prime	5.00	5.50	4.50	3.75	3.5	

WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM MARKET PERFORMANCE



WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM MARKET PERFORMANCE

<u>Currencies</u>	<u>Levels</u>		
	<u>09/30/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Euro Spot	1.09	1.15	1.20
British Pound Spot	1.23	1.28	1.35
Japanese Yen Spot	108.08	109.69	112.69
Swiss Franc Spot	1.00	0.98	0.97

<u>Commodities</u>	<u>Levels</u>		
	<u>09/30/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Oil	54.07	48.22	55.10
Gasoline	2.66	2.26	2.49
Natural Gas	2.33	2.80	2.78
Gold	1,472.90	1,312.50	1,187.30
Silver	17.00	15.92	16.50
Copper	257.85	264.60	337.75
Corn	388.00	397.50	404.25
BBG Commodity TR Idx	164.72	159.72	179.96

Russell Indices Style Returns

	V	B	G
L	4.0	3.9	3.7
M	1.6	3.2	5.2
S	-8.2	-8.9	-9.6

Fiscal Year (10/1/18 – 9/30/19)



WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN OVERVIEW

The Wayne County Employees' Retirement System (WCERS) administers a participant directed Defined Contribution Plan (DC Plan) to provide savings and retirement benefits for County and Wayne County Airport Authority (WCAA) employees participating in the DC Plan. The DC Plan provides a vehicle for employees to save for retirement through payroll deductions, employer contributions, and investment earnings. The DC Plan is structured to take advantage of tax regulations that allow for the tax-deferred accumulation of earnings and asset growth.

The Retirement Commission continued to retain the services of an investment consultant, Titan Wealth Advisors, LLC of Sigma Planning Corp. Titan Wealth Advisors served as a fiduciary and gave the Retirement Commission advice while consulting on vendor consolidation, plan design efforts, investment menu design and fee negotiations, along with developing an investment education and retirement planning structure for the participants in the DC Plan and the 457(b) and FICA alternative plans as well.

As part of its ongoing due diligence and review of its service structure and service providers, WCERS, with the assistance of their consultant, conducted a thorough review of all its Plan offerings, its vendors and its delivery of retirement plan services. This included a consideration of the potential benefits of consolidation of record keeping vendors including those available to participants in the Deferred Compensation - 457(b) program as well.

After learning of the potential savings and other benefits of a vendor consolidation effort, the Retirement Commission elected to proceed with this initiative. The objectives sought from the initiative included:

- Participant data consolidation of all Plans under one recordkeeper for a more efficient participant experience and data management.
- A renewed centralized focus to promote and educate participants of plan offerings
- Reduce fees to the participants of the Plans
- Reduce Investment option redundancy across Plans
- Streamline oversight of the Investment Menu
- Fee transparency & level fees for all participants in the Plans

The Retirement Commission elected to look at all the existing vendor relationship to select the one vendor in which to consolidate all the Plans. The Retirement Commission, authorized the consultant and Executive Director to begin the process by requesting preliminary proposals based on a set of criteria and new plan structures. Based on the results of this preliminary review, and at the advice of the consultant, the vendor evaluation process progressed as follows:

- Site visits to Mass Mutual, Voya and Prudential were conducted by Commission members and WCERS staff members,
- Additional refinement of proposals from each vendor were requested in writing
- An RFP with specific administrative, operational and transition related questions was completed by each vendor
- Each finalist presented to the full WCERS Retirement Commission and staff
- A summary of key differences and objectives was completed and considered by the Retirement Commission
- The Retirement Commission authorized consultant and Executive Director to negotiate a final pricing, transition plan and contract with Prudential Retirement.
- The Retirement Commission authorized a full time dedicated education specialist to be recruited and assigned by Prudential to work exclusively on the Wayne County and Wayne County Airport Authority retirement plans

The recordkeeping transition for the DC Plan and the 457(b) and FICA Alternative plan was completed in August of 2019, on target and on schedule. The successful transition was a result of careful planning and a robust communication effort led by the WCERS team and plan consultant. This included:

- Multiple notification mailings to all participants in advance of transition date
- Custom notifications to those that were to be impacted if some action may be required
- WCERS conducted over 60 on-site group meetings throughout the County and Airport in the months leading up to August 2019.
- WCERS conducted meetings with the various union leadership and also attended multiple retiree meetings regarding the transition.
- WCERS, along with the Prudential education specialist and supported by Titan Wealth Advisors conducted hundreds of one-on-one meetings and phone calls to help educate participants of the forthcoming changes.

WCERS has developed a rigorous process and procedure protocol as it applies to the selection, monitoring, removal and replacement of funds within the DC Plan. The intent has always been to work with an open architecture platform that allows WCERS to choose a variety of asset classes from any mutual fund company, thereby ensuring the ability to offer best-in-class investments to their members and participants. This process was also reviewed and enhanced by the Retirement Commission during this consolidation initiative. The 457(b) Deferred Compensation Plan was also amended to be identical with the DC Plan.

At the recommendation of the consultant, the investment menus for each of the aforementioned plans were re-vamped under this new investment criteria and successfully mapped during the transition to the new funds. Both plans now have the same low cost, high quality and streamlined investment menu of 25 funds, down from the over 180 fund offerings prior to the consolidation initiative.

The new record keeping firm for both the Defined Contribution and Deferred Compensation Plans, Prudential Financial, continues to offer this well diversified set of 25 investment options ranging in scope from low risk to higher risk. They also offer an asset allocation program to all participants known as Goal Maker. This program is an age-based and risk based asset allocation model with three different risk categories; conservative, moderate and aggressive. Participants make their own election in this program.

In summary, the objectives of the recordkeeping consolidation were met and the project can be deemed as extremely successful. Some highlights of this success include:

- WCERS received only a handful of complaints from participants of the Plan
- WCERS has further raised the awareness of the Wayne County and Wayne County Airport Authority retirement programs and the availability of the Deferred Compensation plan to its members
- The average overall cost reduction to the participants was approximately 50%.
- The total estimated annual savings to the participants in the plan was estimated to be in excess of \$1.8 million dollars annually.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Statements of Fiduciary Net Position

The Defined Contribution Plan's (DC Plan) total net position decreased by approximately \$1.3 million, or 0.3 percent, over the course of the plan year. The DC Plan's total assets as of September 30, 2019 were \$448.1 million and mostly comprised of investments in mutual funds. The value of investments was consistent with the prior year, while the notes receivable from participants decreased \$1.7 million. Assets are restricted to provide future benefit payments to plan participants.

Statements of Changes in Fiduciary Net Position

- The DC Plan's benefits are funded by contributions from Wayne County (County), the Wayne County Airport Authority (WCAA) and the DC Plan's participants, as specified by the plan option selected, as well as by the investment income earned on the DC Plan's assets.
- Additions to net position, excluding appreciation (depreciation) in the fair value of investments, include contributions made to the DC Plan by the County, WCAA and the Plan's participants, as well as investment income, both of which amounted to \$25.6 million and \$23.5 at September 30, 2019 and 2018, respectively. Contributions and other investment income have been consistent the last two years.
- The fair value of investments was favorable at the end of the year. Net appreciation in the fair value of investments was \$1.8 million and \$32.8 million for the years ended September 30, 2019, and 2018, respectively. The net appreciation in the fair value of investments for the current year is attributable to the improving financial markets and the resultant investment performance for the current year.
- Total deductions from net position increased by approximately \$1.6 million, from \$27.2 million for the year ended September 30, 2018 to \$28.8 million for the year ended September 30, 2019, which is attributable to higher participant distributions and withdrawals during the current year due to retirements and terminations.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Assets:		
Participant-directed investments, at fair value:		
Equity mutual funds	\$ 290,266,465	\$ 318,257,503
Bond mutual funds	44,965,907	22,987,106
Guaranteed income funds	<u>96,350,933</u>	<u>89,943,876</u>
Total investments	<u>431,583,305</u>	<u>431,188,485</u>
Other assets:		
Notes receivable from participants	16,482,126	18,151,534
Accounts receivable	<u>12,105</u>	<u>20,833</u>
Total Other Assets	<u>16,494,231</u>	<u>18,172,367</u>
Total Assets	448,077,536	449,360,852
Liabilities:		
Accounts payable	<u>85,606</u>	<u>20,833</u>
Net position restricted for pensions	<u>\$ 447,991,930</u>	<u>\$ 449,340,019</u>



**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Additions		
Contributions:		
Employer, net of certain forfeitures	\$11,718,696	\$11,018,835
Participants	6,708,348	6,589,982
Total contributions	<u>18,427,044</u>	<u>17,608,817</u>
Investment income:		
Net appreciation in fair value of investments	1,817,899	32,826,201
Interest and dividends	6,928,922	5,298,105
Other investment income	483,569	555,317
Total investment income	<u>9,230,390</u>	<u>38,679,623</u>
Less: Investment expenses	<u>(207,370)</u>	<u>-</u>
Net investment income	<u>9,023,020</u>	<u>38,679,623</u>
Total additions	<u>27,450,064</u>	<u>56,288,440</u>
Deductions		
Participant distributions and withdrawals	28,267,108	26,653,341
Administrative expenses	531,045	549,402
Total deductions	<u>28,798,153</u>	<u>27,202,743</u>
Change in net position	<u>(1,348,089)</u>	<u>29,085,697</u>
Net position restricted for pensions		
Beginning of year	<u>449,340,019</u>	<u>420,254,322</u>
End of year	<u><u>\$447,991,930</u></u>	<u><u>\$449,340,019</u></u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER
For the Year Ended September 30, 2019

	Charter County of Wayne, Michigan	Wayne County Airport Authority	Totals
Additions			
Contributions:			
Employer, net of certain forfeitures	\$7,691,231	\$4,027,465	\$11,718,696
Participants	4,632,352	2,075,996	6,708,348
Total Contributions	12,323,583	6,103,461	18,427,044
Net investment income	6,743,690	2,279,330	9,023,020
Total additions	19,067,273	8,382,791	27,450,064
Deductions			
Participant distributions and withdrawals	23,182,068	5,085,040	28,267,108
Administrative expenses	455,412	75,633	531,045
Total deductions	23,637,480	5,160,673	28,798,153
Changes in net position	(4,570,207)	3,222,118	(1,348,089)
Transfer of participant accounts	(102,928)	102,928	-
Net position restricted for pensions			
Beginning of year	351,009,066	98,330,953	449,340,019
End of year	<u>\$346,335,931</u>	<u>\$101,655,999</u>	<u>\$447,991,930</u>

Note A: The accompanying schedule of changes in fiduciary net position by employer is prepared on the accrual basis of accounting using the economic resources measurement focus. Participant contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Distributions and refunds are recognized when due and payable in accordance with the terms of the Wayne County Retirement Ordinance. Administrative expenses are paid from Plan assets, unless paid by the employer.

WAYNE COUNTY EMPLOYEES' RETIRMENT SYSTEM
DEFINED CONTRIBUTION PLAN
ADMINISTRATIVE EXPENSES
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Personnel Services:		
Staff Salaries	\$ 178,912	\$ 205,142
Other Fringe Benefits	61,313	62,343
Retirement Benefits	<u>61,689</u>	<u>85,380</u>
Total	301,914	352,865
Professional Service		
Consultant Fee	58,214	39,936
Audit Fees	<u>17,384</u>	<u>18,200</u>
Total	75,598	58,136
Miscellaneous		
Miscellaneous Fees	58,613	22,783
Allocated Operating Expenses	<u>94,920</u>	<u>115,618</u>
Total	<u>153,533</u>	<u>138,401</u>
Total Administrative Expenses	<u><u>\$ 531,045</u></u>	<u><u>\$ 549,402</u></u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
INVESTMENT EXPENSES
For the Years Ended September 30, 2019 and 2018

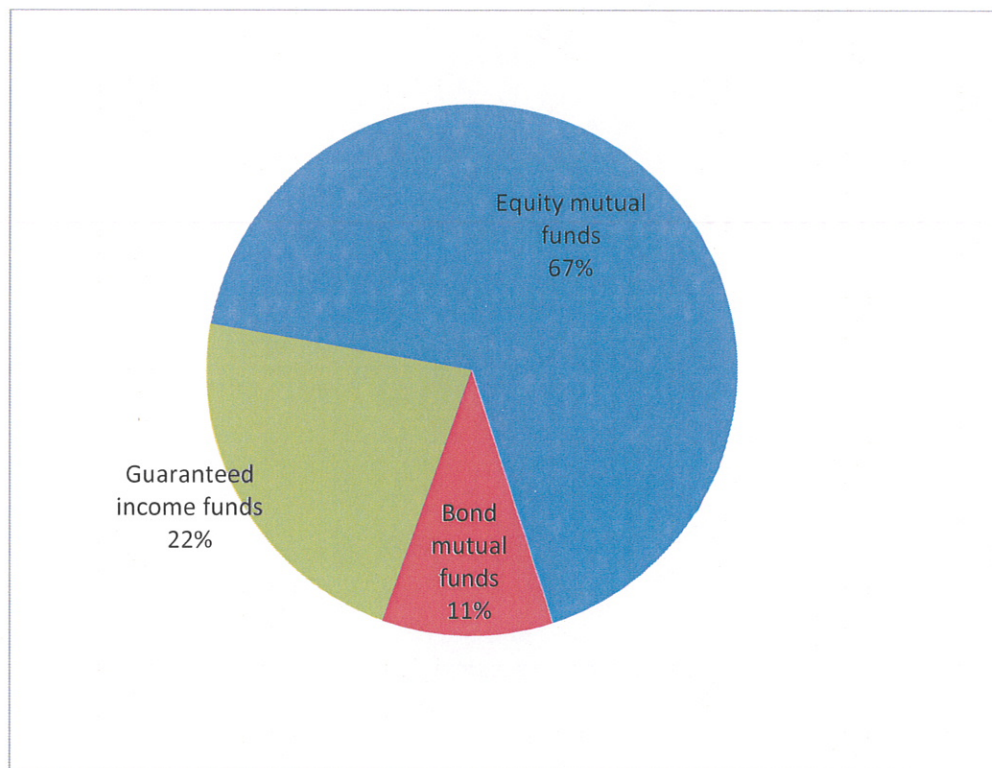
Professional Services	<u>2019</u>	<u>2018</u>
Consultant Fees	<u>\$ 207,370</u>	<u>\$ -</u>
Total	<u><u>\$ 207,370</u></u>	<u><u>\$ -</u></u>

* The Retirement Commission hired an investment consultant for the Defined Contribution Plan.
See pages 30-32 for more details.

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
MARKET VALUE BY INVESTMENT TYPE
As of September 30, 2019**

<u>Investment Type</u>	<u>Market Value at 9/30/2019</u>
Equity mutual funds	\$ 290,266,465
Bond mutual funds	44,965,907
Guaranteed income funds	<u>96,350,933</u>
Total Investments	<u>\$ 431,583,305</u>

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
ASSET ALLOCATION BY INVESTMENT TYPE
As of September 30, 2019**



WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
ADDITIONAL STATE OF MICHIGAN REQUIRED INFORMATION

Type of Plan	Open/Closed	Number of Active Members			Valuation Payroll		
		County	WCAA	Combined	County	WCAA	Combined
Defined Benefit	Open - County Closed - WCAA	2,048	305	2,353	\$106,529,163	\$28,178,029	\$134,707,192
Defined Contribution	Open	1,075	393	1,468	\$74,680,200	\$32,201,024	\$106,881,224
Totals		3,123	698	3,821	\$181,209,363	\$60,379,053	\$241,588,416

Number of Retirees and Beneficiaries

County.....	4,666
WCAA*.....	243
Combined.....	4,909

Average Annual Retirement Allowance

County.....	\$26,267
WCAA*.....	\$39,118
Combined.....	\$26,904

Annual Retirement Allowances Being Paid

County.....	\$122,563,971
WCAA*.....	\$9,505,588
Combined.....	\$132,069,559

Funding Level			
	County	WCAA	Combined
Actuarial Accrued Liabilities	\$1,367,983,619	\$175,020,637	\$1,543,004,256
Actuarial Value of Assets	\$879,461,849	\$135,355,718	\$1,014,817,567
Unfunded Actuarial Accrued Liabilities	\$488,521,770	\$39,664,919	\$528,186,689
Funded Ratio	64%	77%	66%

*Includes only members that retired from WCAA after September 2002

Further information about the Retirement System can be found at www.wcers.org on the reporting tab, including Audited Financials, Annual Actuarial Valuation and previous years' reports.